

**GLOBAL AGENDA FOR AFFORDABLE HOUSING PROVISION:  
learning from practice in making housing accessible and affordable  
Claudio Acioly Jr<sup>1</sup>**

This is a brief summary and outline of a presentation held during the 8<sup>th</sup> National Urban Forum of Ethiopia that took place 17<sup>th</sup> February 2019.

Housing at the center of the new urban agenda cannot be accidental but a deliberate political and policy decision which reverses unsustainable patterns of urban expansion while anchoring inner city revitalization and citywide slum upgrading with wider and affordable housing options for the growing population. This is one of the fundamental prerequisites for the achievement of the Sustainable Development Goal 11 (SDG11) and the successful implementation of the New Urban Agenda (NUA). This presentation argues that housing at the center of urban policies is a transformational sustainable urban development approach that enables cities to embark into a planned and sustainable urbanization path. Housing and residential represents on average 55% of the land cover of cities, ranging from 35 to 85% of the land cover.

Any investment in housing generates a sizeable impact in the form and structure of cities. Furthermore, the housing sector is intrinsically associated with every single aspect of the urban economy of a country, generating jobs, technological transformation, wealth and prosperity. Thus, bringing housing to the center of urban policies will ensure that land delivery and planned urbanization are closely associated with housing provision and vice-versa.

The first part of the session helps the audience to develop a common understanding about the meaning and scope of housing, its policy framework and the housing market environment. It unfolds the issues that affect supply and demand which highlights housing prices and affordability. It makes a brief reference to historical perspectives in relation to the global agendas of Habitat, from 1996 to 2016.

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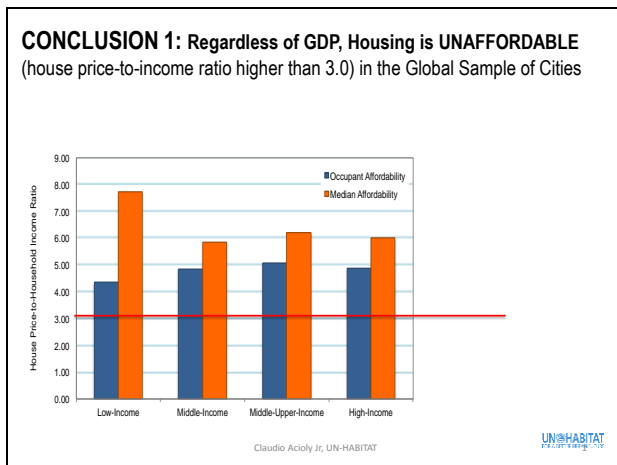


Figure 1: Housing Affordability (Home Onwership)

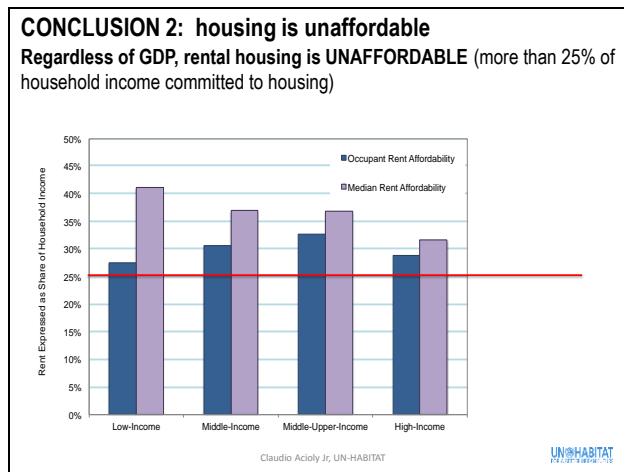


Figure 2: Housing Affordability (Rental Housing)

The second part of the session makes references to data and indicators drawn from the Global Sample of 200 cities and UN-Habitat databank on slums. It demonstrates the global affordability crisis and argues that the lack of affordable housing options compels residents and households to seek housing solutions in the informal sector. Scarcity of housing opportunities triggers informal urbanization and propels the persistence and multiplication of slums. This part of the session provides a wealth of evidences and illustrations from different parts of the world. It concludes with propositions for a twin-track approach that combines the provision of affordable housing at scale with policies towards improvement, regularization and upgrading of existing slums, under certain conditions.

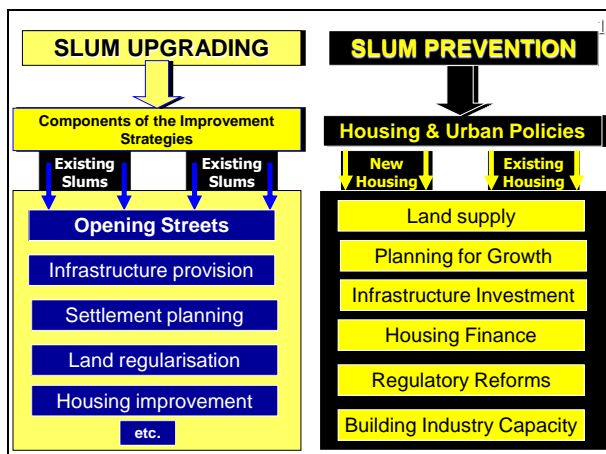


Figure 3: The Twin-track Approach (Housing Supply + Citywide Slum Upgrading)

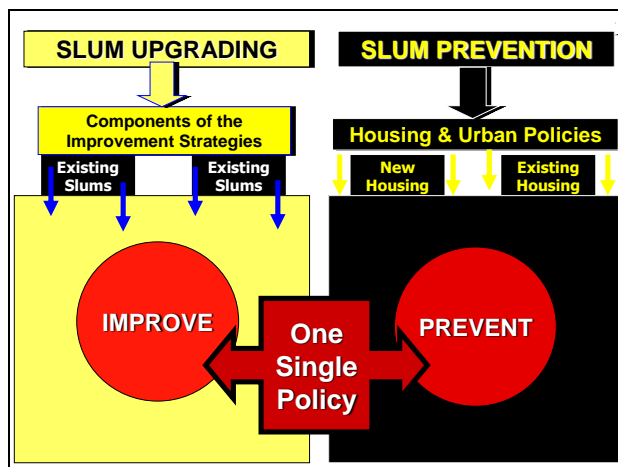


Figure 4: The Twin-track Approach: Improvement and Prevention Policies

It briefly introduces the street-led citywide slum upgrading strategy as an incremental and feasible solution for the consolidated stock of slums in the cities, under certain conditions, with examples and lessons from practice in Africa (Lusaka) and Latin America (Rio de Janeiro). It argues in favor of combining preventive and improvement approaches as part of a one single policy.

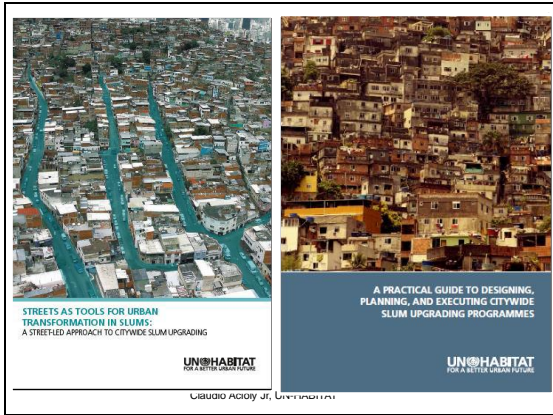


Figure 5: UN-Habitat Strategy for Urban Transformation based on Street-led Citywide Slum Upgrading

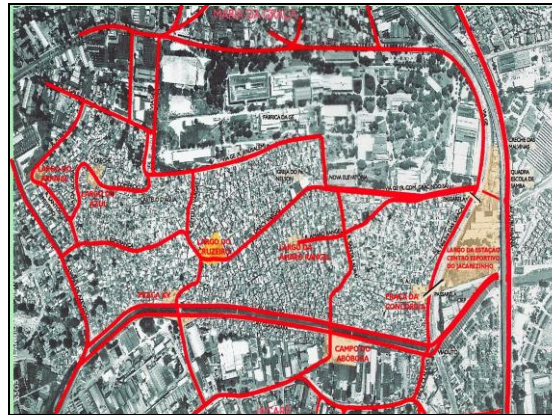


Figure 6: Street-led Slum Upgrading Project in Jacarezinho, Rio de Janeiro

The third part of the session focuses on the synchronization between the Agenda 2030, the New Urban Agenda and the Housing at the Center strategy. It makes a business case for a closer articulation between the development goals and the city development strategies. Particular attention is given to the meaning of housing at the center. The session argues that this approach generates positive impacts on various dimensions of cities and on the quality and content of urbanization. Examples from Singapore, The Netherlands and Ethiopia illustrate the practical meaning and implications of housing at the center of urban policies. The convergence of the approaches of Singapore and The Netherlands relates to the adoption of a three-pronged approach that combines interventions for land supply, adoption of a spatial/physical planning strategy for planned land delivery and the availability of housing finance, credit and guarantees for scaled up accessibility to housing and housing supply.

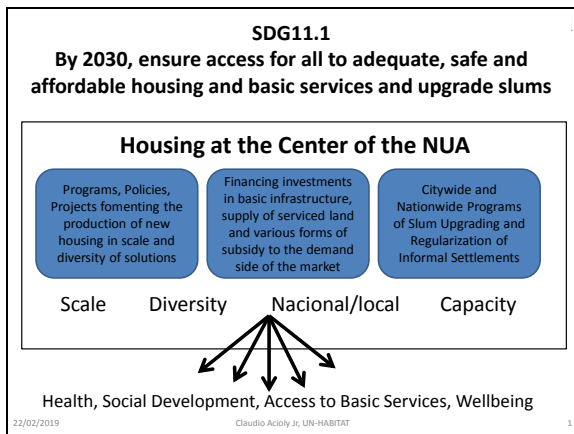


Figure 7: Housing at the Center of the NUA and the SDG 11

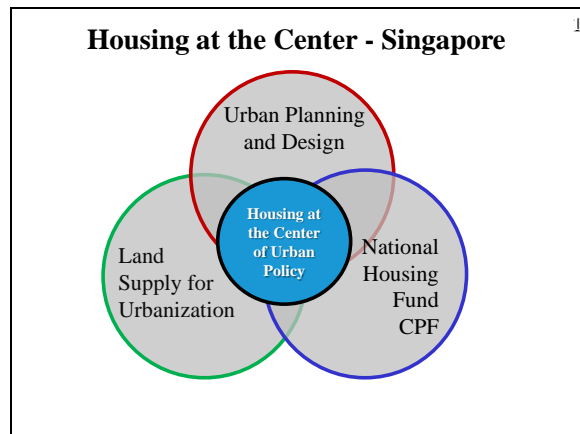


Figure 8: Housing at the Center in Singapore

The last and concluding part of the session focuses on the practice of housing at the center, with references made to Singapore and The Netherlands. It unpacks the policies on land, finance and urban

planning with housing at the center which generates a remarkable result in terms of affordable housing options in scale, quantity, quality, standard and with a variety of tenure options. It highlights the housing finance instruments utilized in both cases which triggers accessibility to finance and brings housing affordability to a level closer to the ability to pay of residents. Finally, it brings to discussions the lessons learned from international experiences in relation to the ongoing Ethiopian Integrated Housing Development Programme. The first phase of the IHDP shows the efforts to use serviced land available inside the city core and a rather central control on the building construction and supply of building materials combined with an effort to boost small-scale building enterprises' capacity.

## **QUESTIONS AND ANSWERS AFTER THE SESSION HELD ON SUNDAY, 17/02/2019**

There was a lot of reactions and questions raised after the presentation. Generally, clustering the concerns and issues raised, many questions can be grouped by their focus on the demand side of the housing market while others on the supply side. The majority reflecting on the implications of the presentation for the Ethiopian context and situations.

What kind of institutional arrangements would be needed to boost housing supply? What model or philosophy could be adopted to generate more connected, compact and mix-use city environment? How to ensure that housing finance and availability of credit is in place to enable increased housing supply and accessibility to housing by larger population? Do cities have the capacity and knowledge and skills to foster cooperation and integration between the different actors to ensure housing supply at scale? Land prices are high and thus housing is not affordable for the poor population. How to unlock land for housing development? The construction sector needs attention and thus we need to have an inward-looking of the challenges. In the twin-track approach, adopting slum upgrading might create stimulus for more slum creation and more illegal/informal land occupation or not? Giving wrong signs for the market and for continuation of illicit behaviors.

The ability to pay of the residents are connected with the availability of a housing fund, well-established housing finance mechanisms. So, what is the situation? What role can we expect from governments? The demand is spread but focus of the housing programme seems to be targeting on the big cities. Migration may be considered as a factor in the housing problem. How do we include rental housing?

### **General Answers:**

The institutional and organizational framework of the housing sector, meaning the governance of the housing sector and the housing market, is as relevant as any of the fundamental attributes of housing e.g. land supply, housing finance, etc. One may have a central system where governments play a predominant role or a model more open and participative where all market players play a role in housing production and delivery. The inception phase of the Integrated Housing Development Programme of Ethiopia chose for a rather centrally planned model because it did not have the conditions to deliver the initial target of 100,000 units. For example, there were not sufficient small-scale building enterprises which form the core of a well-functioning housing sector, and the labour force was not skilled in scale to meet the demand imposed by the programme's ambition. Then, the supply of building materials, for example, was centrally organized and planned. One must consider these complexities and inter-relationships when designing a housing policy and its programmes which fall under a governance system, with its institutions, legislation, and actors.

As indicated in the beginning, the supply and delivery of land, particularly serviced land, is fundamental for the housing sector to go to scale in production and delivery. Land is under state ownership allocated through land-lease instruments. Like in Singapore, the government has the upper hand in land supply in Ethiopia, but this does not translate into more land being disposed for urbanization and housing development. We need to investigate the reasons. One reason could be in the available information about the land stock, a land information system, but could also be related to a cumbersome land delivery system and land governance. In other places of the world, city governments actually have planning and legal instruments that enable them to intervene in the domain of private ownership of land through fiscal, legal and planning instruments. This enables city governments to make land available to realize its plans, land-use ordinance and enable making land available for housing development. I think that the structure plans and legislation in place in Ethiopia are not providing these instruments like the ones in Brazil and Colombia, for example, which enables city governments to determine areas for social housing development irrespective of the land ownership.

On the question of migration and increasing demand in urban areas, it is clear that there is pressure on land, infrastructure, jobs and housing. From the data available, the trend is rapid urbanization and we must ask ourselves the question about how can we anticipate and prepare cities to receive the growing population within a planned urbanization model, where plans and land are fit for purpose of absorbing this growth. The phenomenon will only get more robust in time. Pressure on fringe land will increase. Peri-urban land occupation is likely to be fueled by informal urbanization models. We need to understand the mobility of the population, get good data and information, and combine the policies, social, economic and spatial policies, in order to get the right response. Do people settle for good and strive to lead a new life in the new urban setting or are they just temporary residents who earn their income and send back to their villages elsewhere. Our experience shows that people settle where there is some economic opportunity, jobs, places to earn an income. People rent first, encroach where possible, build and consolidate, and depending on governance tolerance they may transform their provisory into permanent housing structure in time. This 'time' can be long. We need to put in place plans and contingency planning to cope with the speed and scope of this urbanization, otherwise cities will become mostly informally developed. The key is to anticipate the occupation and get some level of control where people settle and build their homes. I do not have a silver bullet. The key is anticipation and a good governance system of the territorial development, backed by policies.

On the question of land prices. How can we explain that some cities in the developing world have land prices equivalent and even higher than in cities in the advanced and developed economies of the north? We observed that in Latin American cities land prices are higher than in cities in the United States, while income-per-capita is above 20 times. This is a paradox. And it has a direct impact on housing prices and housing affordability. This has to do with the fact that there is no universal access to basic infrastructure in cities in many developing countries. This generates scarcity of serviced land and propelling speculative markets where people pay an enormous bonus for having a plot or a housing unit with access to water, sanitation, electricity and other public goods. We need to put in place policies that can generate investments in infrastructure and widen options of serviced land in various locations, aiming at universalization, which will tend to bring prices down and more options, stabilizing the market. In many African cities there is a buoyant informal land market.

On the question that housing is not affordable for the poor in Ethiopian cities. As I indicated during the presentation, it could be because housing prices are too high or incomes are too low, or both. Policies must be in place to tackle the supply side of the market with the goal of reducing production and

delivery costs, and policies aiming at the increasing of the ability to pay of the population by means of creating a variety of housing finance services, credit and subsidies. Land prices are just one element. We need to think through the housing value chain and the entire housing delivery system to understand where the bottlenecks are and where policies can make a difference, where particular legislation is needed, where capacities need to be strengthened. We need to look critically on the land ownership and property rights regime. In Ghana, when I was undertaking the housing profile of Ghana, we found more than 4,000 land conflict cases in court revealing multiple claims over the same parcel of land. The reason is that the customary land ownership of land co-exist with post-independence Roman-based property rights legislation which creates a very volatile and risk environment for banks and housing investors. This may explain why in those days banks were only providing housing loans and mortgages at a 30-32% interest rate. This makes impossible for anyone to access housing. And may explain why a sizeable number of Ghanaian households live in rented rooms, commonly overcrowded.

Finally, on the question whether promoting slum upgrading will not induce or promote the industry of informality. In other words, by just focusing on upgrading the slums, governments may give an indication that it tolerates informal settlements which sooner or later will be upgraded and regularized, a wrong signal to the market and encouraging people to occupy land informally and create slums and informal settlements.

As I indicated in the presentation when justifying the proposition for the twin-track approach. If we have single policies in place, ones that only focus on the supply of new housing or on the upgrading of existing slums alone, then we are creating a distortion in supply of housing opportunities that will result into a significant pressure on the new housing stock or on the upgraded slums (now turned into an improved neighbourhood). This will cause displacement of the original residents and thus propelling more informality and the appearance of more slum settlements.

I argue strongly that we should promote the adoption of a twin-track approach in housing policies which combines and simultaneously implement policies towards new housing and the improvement of the existing housing stock (supply of housing in the existing stock) with a policy towards upgrading of the existing stock of slums. Those that are consolidated and have not obstacle related to conflicts over the land they are located, risk areas of flooding or land-sliding, location and size-cost obstacles. This must be a single policy. Dismantling rent-control acts and establishing neutral rental policies and legislation, encouraging property owners to release their properties for rent, promoting the construction of new housing, making housing finance available for all, boosting infrastructure investment programmes are all part and parcel of housing policies just to name a few strategies. The upgrading of slums – under certain conditions as said before – will create opportunities for housing development without the government actually getting engaged in new housing production because residents will create new housing opportunities by improving their housing conditions (improving or redeveloping) because of the sense of security of tenure and the resulted infrastructure improvements that altogether encourages residents to invest their own savings and resources.